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INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 CIAE-00 INR-10

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CONFIDENTIAL ROME 2005

LIMDIS

E.O. 11652: GDS TAGS: ELAB, PINT, IT

SUBJECT: TREASURY MINISTER LA MALFA REQUESTS US ASSISTANCE FOR

ITALIAN

LABOR SITUATION

- 1. TREASURY MINISTER LA MALFA ASKED ME TO SEE HIM FEBRUARY 9 IN CONNECTION WITH HIS ATTENDANCE AT THE WASHINGTON ENERGY CONFERENCE. IN THE COURSE OF OUR CONVERSATION HE DREW TO MY ATTENTION HIS DEEP CONCERN OVER THE EVOLVING LABOR SITUATION IN ITALY AND THE THREAT WHICH THE LABOR MOVEMENT IS POSING FOR THE CENTER-LEFT GOVERNMENT. (HIS REMARKS ON THE ENERGY CONFERENCE HAVE BEEN REPORTED SEPARATELY.)
- 2. THE PREVIOUS EVENING LA MALFA HAD ATTENDED THE 9 HOUR MARATHON MEETING BETWEEN THE PRIME MINISTER AND THE UNIONS, AND HIS DISCOURAGEMENT MAY BE IN PART AN EFFECT OF HIS FATIGUE. HE TOLD ME WHAT HAD IMPRESSED HIM THE MOST WAS THE DOMINANT POSITION OF CGIL PARTY SECRETARY LAMA. LAMA, HE SAID, SPOKE FOR BOTH STORTI OF THE CONFIDENTIAL

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CISL AND VANNI OF THE UIL, AND COMPLETELY OVERSHADOWED THEM.

3. LA MALFA SAID THAT LAMA HAD TAKEN A VERY TOUGH LINE, DEMANDING GOVERNMENT ACTION ON A WHOLE SERIES OF MEASURES OF INTEREST TO THE UNIONS AND THREATENING TO BRING THE GOVERNMENT DOWN IF THESE DEMANDS WERE NOT MET. MATTERS GOT SO BAD THAT LA MALFA WALKED OUT. PRIME MINISTER RUMOR ASKED HIM TO RETURN, WHICH HE DID PRIOR TO THE BREAKUP OF THE MEETING TO SHOW THAT HE WAS NOT COMPROMISING GOVERN-

MENT SOLIDARITY.

- 4. LA MALFA DREW A PARALLEL BETWEEN THE SITUATION IN ITALY AND THAT IN THE UK. WHAT IS AT STAKE, HE SAID, IS THE ISSUE OF WHO IS RUNNING THE COUNTRY, THE UNIONS OR THE GOVERNMENT. HE LOOKED TO THE UK GENERAL ELECTIONS AS AN IMPORTANT EVENT FOR ITALY SINCE IN HIS VIEW IF THE CONSERVATIVES WIN, THE GOVERNMENT STANCE WILL BE STRENGTHENED, AND IF THEY LOSE, IT WILL BE WEAKENED.
- 5. LA MALFA WAS PARTICULARLY BITTER ABOUT THE BEHAVIOR OF THE SOCIALISTS. HE EMPHASIZED THAT THE THREE OTHER PARTIES IN THE CO-ALITION SEE EYE TO EYE ON THE SITUATION AND ON THE PROGRAMS NECESSARY TO REMEDY IT. BUT THEY CAN NEVER COUNT ON THE SOCIALISTS, WHO CONTINUALLY AGREE TO A MEASURE AS MEMBERS OF THE GOVERNMENT AND THEN RENEGE LATER UNDER PRESSURES FROM THE UNIONS. IN THIS RESPECT HE COMMENTED THAT THERE IS A MAJORITY OF THE REPUBLICAN FACTION IN THE UIL (COMMENT: ABOUT 30 PERCENT TOTAL UIL MEMBERSHIP) WHICH DOES NOT ACCEPT CGIL LEADERSHIP, AND THAT THERE WERE SIMILAR FACTIONS IN THE CISL. UNLESS THESE FACTIONS CAN EXERT THEIR INFLUENCE ON THE UIL AND CISL LEADERS HE SEES ITALY MOVING INTO A VERY DANGEROUS SITUATION.
- 6. LA MALFA TOLD ME THAT IN HIS VIEW IT IS ESSENTIAL THAT THE US TRADE UNIONS' PRESENCE BE REESTABLISHED IN EUROPE AND IN ITALY TO COMBAT THIS TREND. HE SEES GROWING ACQUIESCENCE IN THE EUROPEAN LABOR MOVEMENT TO RUSSIAN PENETRATION. HE APPEALED TO ME FOR SUPPORT IN OBTAINING THE VISIT OF YOUNG AMERICAN LABOR LEADERS WHO ARE PREPARED TO SPEAK OUT PLAINLY AND STRONGLY.
- 7. I TOLD THE MINISTER THAT I HAD TRIED TO DO THIS BEFORE AND WILL TRY AGAIN. VOLPE

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